

FDIC**Federal Deposit Insurance Corporation**

Washington, D.C. 20434

Division of Finance

DATE: November 8, 1999

MEMORANDUM TO: Stephen M. Beard
Director, Office of Congressional Relations and Evaluations

FROM: Fred Selby
Director, Division of Finance

SUBJECT: OIG Draft Evaluation Report: *Review of FDIC's Relocation Program*

The Division of Finance thanks the Office of the Inspector General for its review of FDIC's relocation program. DOF agrees with your findings overall and has already begun a more detailed cost analysis of the program. As discussed at the start of your review, DOF is interested in determining whether or not a lump sum relocation program would better meet both the needs of FDIC's relocating employees as well as the needs of the Corporation. Your review coupled with the analysis we have already begun will be used as a basis for defining a lump sum program option and pursuing implementation of the program, which is to be negotiated with the NTEU.

OIG Suggestion 1: FDIC should study the bases for the temporary living expenses and the Miscellaneous Expense Allowance (MEA) benefits being significantly more generous and determine whether the bases remains valid.

DOF Response: DOF agrees with the suggestion. We have already begun a study of the intent of the temporary living expenses and the Miscellaneous Expense Allowance (MEA) benefits. This preliminary work is leading to a more complete analysis of the relocation benefits that are actually used by relocating employees and associated cost data. This work will allow FDIC to determine if modifications should be made to the current benefits and to identify any monetary benefits that would be gained as a result.

OIG Suggestion 2: FDIC should consider implementing a lump sum payment program that expands beyond what FDIC's current limited lump sum relocation allowance (in lieu of all other relocation benefits) is intended to cover. Specifically, we believe DOF needs to:

- (a) determine which benefit categories to cover in a lump sum payment and which employees would be eligible for a lump sum payment allowance;
- (b) consider whether the primary objective of the lump sum payment is to create cost savings or to set the lump sum payment equal to the current level of expenditures;
- (c) determine whether the lump sum payment would be offered as an option or implemented completely in lieu of traditional expense reimbursement;
- (d) develop a method for calculating the lump sum payment that is equitable to eligible employees. In assessing options for determining which method is most appropriate, we believe that DOF needs to gather additional cost data to analyze alternative methods for calculating the basis of FDIC's lump sum payment.
- (e) consider developing a pilot program before implementing the alternative completely; and
- (f) consider getting employee involvement in the study to ensure their views are understood before any policy decisions are made.

DOF Response: DOF generally agrees with the suggestion. DOF has introduced the concept of a lump sum payment option to corporate management and NTEU. DOF has begun an in-depth study that would take into account each of the suggestions listed above. This study will be ready for the 1999 FDIC/NTEU negotiations process. Employee involvement would occur if FDIC and NTEU agree on using interest based bargaining.

DOF appreciates the work of the OIG and looks forward to continued cooperation in exploring the lump sum option.

cc: Connie Brindle
Ed Bolick
Sara Aarthun

Management Response to Suggestions

This table presents management responses to the suggestions in our report and the status of management decisions. Management's written response to our draft report provided the information for management decisions.

Suggestion Number	Corrective Action: Taken or Planned/Status	Expected or Actual Completion Date	Documentation that will confirm final action	Monetary Benefit
1	Gather cost data. Analyze expense categories. Determine specific benefits used, along with time frame used and associated costs.	9/15/99	Presentations to management	Cannot be calculated at this point
2	DOF introduced concept to management and NTEU. DOF has begun an in-depth study that would take into account suggestions (a) through (e). Employee involvement would occur (f) if FDIC and NTEU agree on using interest based bargaining. If approved, program would be implemented in 2000.	12/1/99	Presentations to management and NTEU	Cannot be calculated at this point